

International Nickel Ventures Corporation

(An Exploration Stage Entity)

Interim Consolidated Financial Statements

June 30, 2008

(Expressed in Canadian Dollars, Except Where Otherwise Noted)

**These interim consolidated financial statements have not been
reviewed by the Corporation's external auditors**

International Nickel Ventures Corporation
(An Exploration Stage Entity)
Consolidated Balance Sheets
(unaudited)

<i>As At</i>	June 30, 2008	December 31, 2007
Assets		
Current		
Cash and cash equivalents	\$ 21,571,418	\$ 24,471,515
Exploration advances and other receivable (note 6)	1,015,396	380,904
	22,586,814	24,852,419
Investment in INVI (note 7)	17,203,286	16,691,820
Property, plant and equipment (net of \$12,055 accumulated amortization)	164,281	16,233
Mineral properties and deferred exploration (note 8)	9,741,477	6,350,020
	\$ 49,695,858	\$ 47,910,492
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 1,582,211	\$ 1,029,052
	1,582,211	1,029,052
Shareholders' equity		
Common shares (notes 9(a) and (b))	53,387,870	50,552,527
Warrants (note 9(c))	3,646,241	3,880,839
Contributed surplus (note 10)	2,373,759	1,254,794
Deficit	(11,294,223)	(8,806,720)
	48,113,647	46,881,440
	\$ 49,695,858	\$ 47,910,492

The accompanying notes are an integral part of these consolidated financial statements.

International Nickel Ventures Corporation
(An Exploration Stage Entity)
Consolidated Statements of Operations and Comprehensive Loss
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2008	2007	2008	2007
Expenses				
General and administration				
Shareholder information and regulatory compliance	\$ 58,190	\$ 171,272	\$ 161,403	\$ 241,985
Compensation	253,498	102,164	528,087	256,218
Administrative services	-	57,589	-	118,228
Travel	53,478	15,347	140,007	43,147
Professional	124,762	44,258	181,097	62,898
Office	77,470	19,316	131,221	40,002
Telecommunications	16,010	5,605	26,333	10,246
Other	22,759	20,483	25,051	21,686
Total general and administration	606,167	436,034	1,193,199	794,410
General exploration	466,954	146,743	790,863	399,125
Mineral properties and deferred exploration written off (note 8)	150,374	-	150,374	-
Stock-based compensation (note 10)	461,635	172,792	831,300	403,829
Equity loss from investment (note 7)	808	1,880	531	1,912
Foreign currency exchange (gain) loss	(33,687)	5,103	(70,386)	7,246
Interest income	(183,390)	(229,882)	(408,378)	(355,249)
Net loss and comprehensive loss	\$ 1,468,861	\$ 532,670	\$ 2,487,503	\$ 1,251,273
Basic and diluted loss per share (note 9(d))	\$ 0.03	\$ 0.01	\$ 0.05	\$ 0.03

International Nickel Ventures Corporation
(An Exploration Stage Entity)
Consolidated Statements of Deficit
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2008	2007	2008	2007
Deficit, beginning of period	\$ 9,825,362	\$ 6,182,114	\$ 8,806,720	\$ 5,463,511
Loss for the period	1,468,861	532,670	2,487,503	1,251,273
Deficit, end of period	\$ 11,294,223	\$ 6,714,784	\$ 11,294,223	\$ 6,714,784

The accompanying notes are an integral part of these consolidated financial statements.

International Nickel Ventures Corporation
(An Exploration Stage Entity)
Consolidated Statements of Cash Flows
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2008	2007	2008	2007
Operating activities				
Net loss and comprehensive loss for the period	\$ (1,468,861)	\$ (532,670)	\$ (2,487,503)	\$ (1,251,273)
Items not affecting cash:				
Equity loss from investment (note 7)	808	1,880	531	1,912
Depreciation	8,799	-	10,951	-
Mineral properties and deferred exploration written off (note 8)	150,374	-	150,374	-
Stock-based compensation (note 10)	461,635	172,792	831,300	403,829
	(847,245)	(357,998)	(1,494,347)	(845,532)
Change in working capital				
Exploration advances and other receivable (note 6)	(764,749)	80,441	(634,492)	(132,800)
Accounts payable and accrued liabilities	1,062,703	176,314	594,599	490,570
	297,954	256,755	(39,893)	357,770
	(549,291)	(101,243)	(1,534,240)	(487,762)
Financing activities				
Proceeds from offerings (net of share issue costs)	-	21,696,701	2,888,410	21,696,701
Proceeds from exercise of stock options and compensation warrants	-	556,200	-	846,200
	-	22,252,901	2,888,410	22,542,901
Investing activities				
Investment in INVI	(207,660)	(648,000)	(511,997)	(1,620,000)
Mineral properties and deferred exploration	(2,292,218)	(545,279)	(3,583,271)	(1,350,676)
Property, plant and equipment additions	(131,312)	-	(158,999)	-
	(2,631,190)	(1,193,279)	(4,254,267)	(2,970,676)
Change in cash and cash equivalents for the period	(3,180,481)	20,958,379	(2,900,097)	19,084,463
Cash and cash equivalents, beginning of period	24,751,899	11,924,366	24,471,515	13,798,282
Cash and cash equivalents, end of period	\$ 21,571,418	\$ 32,882,745	\$ 21,571,418	\$ 32,882,745
Interest income received	\$ 190,752	\$ 157,105	\$ 453,234	\$ 288,829
Taxes paid	\$ 28,584	\$ 12,589	\$ 28,584	\$ 12,589

The accompanying notes are an integral part of these consolidated financial statements.

International Nickel Ventures Corporation
(An Exploration Stage Entity)
Notes to the Consolidated Financial Statements
As at June 30, 2008
(unaudited)

The unaudited consolidated interim financial statements should be read in conjunction with the Corporation's most recent annual audited consolidated financial statements, as they do not conform in all respects with the requirements of Canadian generally accepted accounting principles ("Canadian GAAP") as pertaining to audited annual financial statements. The consolidated interim unaudited financial statements follow the same accounting policies and procedures as the most recent audited statements, except as noted in note 3(a) below.

In the opinion of management, the accompanying unaudited interim consolidated financial statements contain all adjustments necessary to present fairly, in all material respects, the financial position of the Corporation as at June 30, 2008 and the results of its operations and comprehensive loss and its cash flows for the three and six month periods ended June 30, 2008 and 2007.

1) Nature of operations

International Nickel Ventures Corporation ("INV" or the "Corporation") was incorporated on October 20, 2005 and is in the business of acquiring, exploring and developing mineral deposits, primarily in Brazil and Canada, through the Corporation, its wholly-owned subsidiary, INV Mineração Ltda. ("IML") and its 27% investment in International Nickel Ventures Inc. ("INVI"). The Corporation may expand its operations to include mineral properties outside of Brazil and Canada and also into other metallic projects. The Corporation's properties in Brazil and Canada may be subject to sovereign risk, including political and economic instability, government regulations relating to mining, currency fluctuations and local inflation. These risks may adversely affect the Corporation's investment in mineral properties and may result in the impairment or loss of all or part of these properties.

On March 17, 2006, the Corporation completed an initial public offering and was listed for trading on the Toronto Stock Exchange. The Corporation is currently trading under the symbol "INV".

2) Accounting policies and basis of presentation

The consolidated financial statements of INV have been prepared in accordance with Canadian generally accepted accounting principles. Summarized below are the significant accounting policies used in these consolidated financial statements.

a) Basis of consolidation

The consolidated financial statements include the accounts of International Nickel Ventures Corporation and its wholly owned subsidiaries INV São José Inc. and INV Mineração Ltda.

b) Use of estimates

The preparation of the consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect assets and liabilities and the related disclosures at the date of the financial statements and the reported amounts for operations during the reporting period. While management believes that the estimates and assumptions are reasonable, actual results may differ.

Significant estimates and assumptions include those related to the determination as to whether costs are expensed or deferred, the recoverability of mineral property and deferred exploration expenditures and investment in INVI, stock-based compensation and the ability to continue as a going concern.

c) Cash and cash equivalents

Cash and cash equivalents include cash on deposit, term deposits and other interest-bearing investments that have maturities of less than 90 days from the date of acquisition.

International Nickel Ventures Corporation
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2) Accounting policies and basis of presentation (continued)

d) Investment subject to significant influence

The Corporation uses the equity method for investments where the Corporation has a significant influence on their operating, investing and financing activities. The investment is initially recorded at cost and adjustments are made to include the Corporation's share of the net earnings and losses, which are recorded in the Corporation's statements of operations and comprehensive loss. Any decline in the fair value of the investment considered by management to be other than temporary in nature is charged to operations.

e) Mineral properties and deferred exploration

The Corporation considers its exploration and evaluation costs to have the characteristics of property, plant and equipment. As such, the Corporation defers all exploration and evaluation costs, including acquisition costs, field exploration and field supervisory costs relating to specific properties until those properties are brought into production, at which time, they will be amortized on a unit-of-production basis or until the properties are abandoned, sold or considered to be impaired in value, at which time, an appropriate charge will be made.

Long-lived assets including mineral properties and deferred exploration are reviewed for impairment to determine whether a write down of their carrying amount is required. Since the Corporation is in the development stage and has not established mineral reserves and, therefore, does not have a basis to prepare cash flow projections to support the carrying amount of these assets, other factors are considered in determining whether a write down is required.

f) Property, plant and equipment

Property, plant and equipment are recorded at cost and amortized on a declining basis over the useful life of the assets (depreciation rates are 20% for office equipment and 30% for computer equipment).

g) Stock-based compensation

The Corporation has a stock-based compensation plan. The Corporation recognizes as an expense the cost of stock-based compensation based on the estimated fair value of new stock options and restricted share units granted to employees, consultants, officers and directors. The fair value of each stock option granted is estimated on the date of the grant using the Black-Scholes and other option-pricing models and is expensed over the vesting period. The fair value of each restricted share unit granted is calculated on the date of the grant using the closing stock price on the date prior to the grant and is expensed over the vesting period. Forfeitures of stock options and restricted share units are recognized as incurred.

h) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the balance sheet date. Non-monetary assets and liabilities, expenses and other income arising from foreign currency transactions are translated at the exchange rate in effect at the date of the transaction. Exchange gains or losses arising from the translation are included in operations.

The accounts of the operations in Brazil have been translated using the temporal method for foreign integrated operations. Under the temporal method, monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Non-monetary assets and liabilities, which primarily comprise mineral properties and deferred exploration, are translated using historic rates of exchange. Expenses and other income are translated at the average rates of exchange during the period, except for

International Nickel Ventures Corporation
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2) Accounting policies and basis of presentation (continued)

h) Foreign currency translation (continued)

depreciation, which is translated at the same rates as the related assets. Foreign currency exchange gains and losses are included in operations.

i) Future income taxes

The Corporation uses the asset and liability method in accounting for income taxes. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences). Future income tax assets and liabilities are measured using the substantively enacted income tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in income tax rates is included in income in the year in which the change is enacted or substantively enacted. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

j) Related party transactions

All transactions with related parties are in the normal course of business and are measured at the exchange amounts.

k) Basic and diluted loss per share

Basic loss per share is computed based on the weighted average number of common shares outstanding during the year. The Corporation uses the treasury stock method for calculating diluted loss per share. As the Corporation incurred net losses for each of the three and six month periods ended June 30, 2008 and 2007, all outstanding options and warrants have been excluded from the calculation of diluted loss per share, since the effect of these would be anti-dilutive.

3) Changes in accounting policies and future accounting pronouncements

a) Changes in accounting policies

i) Capital Disclosures

In December 2006, the CICA issued Handbook Section 1535, *Capital Disclosures*, which establishes standards for disclosing information about an entity's capital and how it is managed. The entity's disclosure should include information about its objectives, policies and processes for managing capital and disclose whether or not it has complied and the consequences of non-compliance with any capital requirements to which it is subject. The new standard became effective on January 1, 2008 for the Corporation. The adoption of Section 1535 did not have a significant effect on the consolidated financial statements.

ii) Financial Instruments – Disclosures and Financial Instruments – Presentation

In December 2006, the CICA issued Handbook Section 3862, *Financial Instruments – Disclosures*, and Section 3863, *Financial Instruments – Presentation*. Section 3862 modifies the disclosure requirements of Section 3861, *Financial Instruments – Disclosure and Presentation*, including required disclosure for the assessment of the significance of financial instruments for an entity's financial position and performance and of the extent of risks arising from financial instruments to which the Corporation is exposed and how the Corporation manages those risks, whereas Section 3863 carries forward the presentation related requirements of Section 3861. The new standards became effective on January 1, 2008. The adoption of Section 3862 and Section 3863 did not have a significant effect on the consolidated financial statements.

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3) Changes in accounting policies and future accounting pronouncements (continued)

b) Future accounting pronouncements

i) Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064, *Goodwill and Intangible Assets*, replacing Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. Concurrent with the introduction of this standard, the CICA withdrew EIC-27, "Revenues and expenses during the pre-operating period." The new pronouncement establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. This Section is effective in the first quarter of 2009. Management is currently assessing the impact that the adoption of Section 3064 will have on the consolidated financial statements.

ii) Convergence with International Financial Reporting Standards

On February 13, 2008, Canada's Accounting Standards Board ratified a strategic plan that will result in Canadian GAAP, as used by public companies, being evolved and converged with International Financial Reporting Standards (IFRS) over a transitional period to be complete by 2011. The official changeover date from Canadian GAAP to IFRS is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. As the International Accounting Standards Board currently has projects underway that should result in new pronouncements and, since this Canadian convergence initiative is very much in its infancy as of the date of these consolidated financial statements, the Corporation has not yet assessed the impact of the ultimate adoption of IFRS on the Corporation.

4) Capital disclosures

The Corporation manages its capital structure and makes adjustment to it, based on the funds available to the Corporation, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Corporation's management to sustain future development of the business.

The properties in which the Corporation currently has an interest are in the exploration stage; as such the Corporation is dependent on external financing to fund its activities. In order to carry out planned exploration and pay for administrative costs, the Corporation will spend its working capital and raise additional amounts as needed. The Corporation will continue to assess new properties and seek to acquire an interest in additional properties if it is deemed there is sufficient geological or economic potential and if adequate financial resources are available.

Management reviews its capital management approach on an ongoing basis and believes this approach, given the size of the Corporation, is reasonable.

There were no changes in the Corporation's approach to capital management during the three and six months ended June 30, 2008. Neither the Corporation nor its subsidiaries are subject to externally imposed capital requirements.

5) Financial instruments

The Corporation has designated its cash and cash equivalents as held-for trading, which are measured at fair value. Financial instruments included in other receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

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5) Financial instruments (continued)

As at June 30, 2008, the carrying and fair value amounts of the Corporation's financial instruments are the same.

Financial risk factors

The Corporation's risk exposures and the impact of the Corporation's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous period.

a) Credit risk

The Corporation's credit risk is primarily attributable to receivables included in other receivables. The Corporation has no significant concentration of credit risk. Financial instruments included in other receivables consist of receivables from unrelated companies. Management believes that the credit risk concentration with respect to financial instruments included in other receivables is remote.

b) Liquidity risk

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2008, the Corporation had a cash balance of \$21,571,418 (December 31, 2007 – \$24,471,515) to settle current liabilities of \$1,582,211 (December 31, 2007 – \$1,029,052). The majority of the Corporation's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Corporation is also committed to spending approximately \$3.2 million by December 31, 2009. If the Corporation does not spend these funds in compliance with the government of Canada flow-through regulations, it may be subject to litigation from various counterparties. The Corporation intends to fulfill all flow-through commitments within the given time constraints.

c) Commodity price risk

The ability of the Corporation to develop its properties and the future profitability of the Corporation is directly related to the market price of certain minerals.

d) Market risk

i) Interest rate risk

The Corporation has cash balances and no interest-bearing debt. The Corporation holds cash and cash equivalents in deposit form in a major Chartered Canadian bank. The Corporation is sensitive to changes in the prevalent interest rates through interest income earned on its cash balance.

ii) Foreign currency risk

The Corporation's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars, US dollars and Brazilian reais. The Corporation funds certain operations, exploration and administrative expenses in Brazil on a cash call basis using Canadian dollar currency converted from its Canadian dollar bank accounts held in Canada. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

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5) Financial instruments (continued)

d) Market risk (continued)

ii) Foreign currency risk (continued)

The Corporation does not hold significant balances in foreign currencies to give rise to exposure to significant foreign exchange risk.

6) Advances to service provider

Effective October 4, 2004, INVC entered into an agreement with a subsidiary of Terracorp Consultoria Serviços de Mineração ("Terracorp"), formally Amazonia Mineração Ltda., whereby Terracorp was retained to provide INVI with certain mineral exploration, mining, technical and administration services for selected mineral exploration efforts in Brazil. As at June 30, 2008, the Corporation had advanced \$658,466 in excess of Terracorp's expenditures on behalf of the Corporation (June 30, 2007 – the Corporation had advanced \$95,492 of funds in excess of Terracorp's expenditures on behalf of the Corporation). These funds were spent on behalf of the Corporation subsequent to June 30, 2008.

7) Investment in INVI

The Corporation accounts for the investment in INVI (27% interest) under the equity method of accounting and records its share in the income or loss of INVI as an equity gain or loss in the consolidated statements of operations and comprehensive loss.

Balance, January 1, 2006	\$ 9,890,236
Investment	6,803,099
Share of loss from equity accounted investment	(1,515)
Balance, December 31, 2007	16,691,820
Investment	304,337
Share of gain from equity accounted investment	277
Balance, March 31, 2008	16,996,434
Investment	207,660
Share of loss from equity accounted investment	(808)
Balance, June 30, 2008	\$ 17,203,286

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8) Mineral properties and deferred exploration

June 30, 2008					
	Balance				Balance June 30,
	December 31,	Additions in the	Write off		2008
	2007	period			
Brazil properties					
Anápolis	\$ 688,005	\$ 41,750	\$ (37,921)	\$	691,834
Goiás Region	120,937	77,464	-		198,401
Norte Sul	959,029	43,511	(112,453)		890,087
São José	160,833	8,108	-		168,941
Damolândia	539,511	692,296	-		1,231,807
Niquelândia	140,225	744,500	-		884,725
Taquaral	-	470,652	-		470,652
Itapora	-	161,376	-		161,376
Ontario properties					
Fishtrap	1,247,160	1,023,483	-		2,270,643
Lansdowne	1,247,160	117,946	-		1,365,106
Montcalm	1,247,160	160,745	-		1,407,905
	\$ 6,350,020	\$ 3,541,831	\$ (150,374)	\$	9,741,477
December 31, 2007					
	Balance				Balance
	December 31,	Additions in the	Write off		December 31,
	2006	year			2007
Brazil properties					
Anápolis	\$ 78,169	\$ 1,481,306	\$ (871,470)	\$	688,005
Goiás Region	259,381	234,300	(372,744)		120,937
Norte Sul	680,941	694,416	(416,328)		959,029
São José	52,429	231,128	(122,724)		160,833
Damolândia	-	539,511	-		539,511
Niquelândia	-	140,225	-		140,225
Ontario properties					
Fishtrap	-	1,247,160	-		1,247,160
Lansdowne	-	1,247,160	-		1,247,160
Montcalm	-	1,247,160	-		1,247,160
	\$ 1,070,920	\$ 7,062,366	\$ (1,783,266)	\$	6,350,020

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8) Mineral properties and deferred exploration (continued)

a) Brazilian properties

i) Anápolis properties

The Corporation acquired exploration rights on prospective nickel sulphide properties in Goiás State, Brazil based on aeromagnetic and radiometric maps. In May, 2008, INVI entered an option/joint venture agreement with Votorantim Metais Níquel S.A. ("Votorantim") for all but two of INV's nickel laterite exploration properties in Brazil (the "Properties"). The Properties consist of 121 claims totaling 215,705 hectares and are located in the states of Goiás, Tocantins, and Pará in central Brazil. The option agreement grants Votorantim an option to acquire up to a 70% interest in the nickel and base metals rights of the Properties. Votorantim will be the operator and can earn an initial 51% interest in the Properties by funding US\$5.0 million in exploration expenditures over the first three years of the agreement, with a committed first year expenditure of US\$1.0 million. In June, INV dropped certain claim areas within the Anapolis properties and wrote off \$37,921 of accumulated acquisition and exploration costs associated with the dropped claims.

ii) Goiás Region properties

In addition to the Anápolis properties above, the Corporation also holds beneficial title to properties known as the Goiás Region properties. These properties are located in southwest Goiás State, Brazil.

iii) Norte Sul properties

Several exploration properties were staked in Goiás, Para and Tocantins States (collectively the "Norte Sul" properties). Exploration work on the properties as of June 30, 2008, consisted of geological and geochemical reconnaissance. In June, INV dropped certain claim areas within the Norte Sul properties and wrote off \$112,453 of accumulated acquisition and exploration costs associated with the dropped claims.

iv) São José properties

The Corporation acquired, by staking, beneficial title to certain exploration properties known as the São José properties located along the eastern border of Para State and other exploration properties located approximately five kilometres east of the Araguaia River in Tocantins State. As of June 30, 2008, exploration work on the properties consisted of geological and geochemical reconnaissance.

v) Damolândia property

On July 17, 2007, INV entered into an option agreement with BCV - Consultoria e Projetos ("BCV"), a private Brazilian company, to acquire BCV's 100% interest in the Damolândia nickel sulphide property, located approximately 60km north of Goiânia City, Goiás State, Brazil in the Anápolis Belt. The Damolândia property is subject to an underlying agreement with BCV, who have a right to retain a 0.75% royalty on the property. To earn its 100% interest, INV must make the following U.S. dollar payments to BCV:

On Signing – paid	\$ 20,000
After 12 months	30,000
After 24 months	50,000
After 36 months	150,000
After 48 months	150,000
Application for mining license	<u>500,000</u>
	<u>\$ 900,000</u>

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8) Mineral properties and deferred exploration (continued)

v) Damolândia property (continued)

As at June 30, 2008, exploration activities at Damolândia were comprised of gridding, geochemical and geophysical surveys and drilling.

vi) Niquelândia property

On November 27, 2007, INV acquired the Niquelândia nickel property situated in Goiás State, Brazil. The property is contiguous with Anglo American's and Votorantim Metais' nickel producing properties to the north and south. The Niquelândia property is subject to an underlying agreement with BCV, who have a right to retain a 0.75% royalty on the property. To maintain its 100% interest, INV must make the following U.S. dollar payments to BCV.

After 6 months - paid	\$ 20,000
After 12 months	30,000
After 24 months	50,000
After 36 months	150,000
After 48 months	150,000
Application for mining license	<u>500,000</u>
	<u>\$ 900,000</u>

As at June 30, 2008, exploration activities at Niquelândia consisted of gridding, soil geochemical, induced polarization ("IP"), electromagnetic, and geological surveys and drilling.

vii) Taquaral property

As at June 30, 2008, exploration activities at the Taquaral property consisted of gridding, soil geochemistry, an IP survey and drilling.

viii) Itapora property

As at June 30, 2008, exploration activities at the Itapora property consisted of gridding and a soil geochemical survey.

b) Ontario properties

On December 27, 2007, the Corporation purchased a 100% ownership in three northern Ontario mineral properties (Fishtrap, Lansdowne and Montcalm) from FNX Mining Company Inc.'s ("FNX") wholly owned subsidiary, Aurora Platinum Corp. ("Aurora"), in exchange for INV issuing 2.9 million common shares to FNX. In the event that prior to December 27, 2027, INV makes a production decision on any one of the three properties, or if FNX completes a feasibility study approved for implementation by FNX, then FNX shall be entitled to acquire 50% of INV's then beneficial interest in that property by paying to INV two times the aggregate of all expenditures made by INV on that property.

i) Fishtrap

The Corporation has a 100% interest in the Fishtrap Property. As at June 30, 2008, exploration activities at Fishtrap consisted of gridding, geophysical surveys including magnetometer and horizontal loop electromagnetic, geological surveys and prospecting.

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8) Mineral properties and deferred exploration (continued)

b) Ontario properties (continued)

ii) Lansdowne

The 100% interest in the Lansdowne House Property is subject to (a) a 2.5% net smelter return royalty in favour of PGM Ventures Corporation, which royalty is subject to the right of INV to buy back up to 1.5% thereof by paying \$500,000 per 0.5%; and (b) the right of Vale Inco with respect to one claim comprising part of the property to receive a 1.5% net smelter return royalty in respect of such claim, subject to a maximum cap of \$2,500,000. On June 11, 2008, the Corporation signed a Letter of Comfort with the Neskantaga First Nation, to allow for exploration activities including activities involved with drill target identification.

iii) Montcalm

The 100% interest in the Montcalm Property is subject to (a) a 2% net smelter return royalty which is subject to the right of INV to buy back up to 1% thereof by paying \$500,000 per 0.5%; and (b) a 1.5% net smelter return royalty in favour of Vale Inco, subject to a maximum cap of \$2,500,000, after which it is converted into a 0.75% net smelter return royalty for the lifetime of the Montcalm Property. As at June 30, 2008, exploration activities at Montcalm consisted of gridding and magnetometer and electromagnetic surveys.

9) Share capital and loss per share

a) Authorized

The authorized capital of INV consists of an unlimited number of common shares.

b) Issued and outstanding

	Number of Common Shares		Amount
Balance, January 1, 2006	34,492,300	\$	28,105,400
Offerings, net of share issue costs (\$1,381,199)	13,187,434		18,795,575
Exercise of stock options, including transfer of \$53,496 from contributed surplus	212,500		238,496
Issued as consideration for the acquisition of the Ontario properties (note 8(b))	2,900,000		2,458,132
Exercise of compensation warrants	588,500		954,924
Balance, December 31, 2007	51,380,734		50,552,527
Offerings, net of share issue costs (\$327,500)	2,530,274		2,835,343
Balance, March 31, 2008 and June 30, 2008	53,911,008	\$	53,387,870

On February 21, 2008, the Corporation completed an offering of 2,400,000 common shares on a flow-through basis by way of guaranteed private placement, at a price of \$1.25 per share, for aggregate gross proceeds of \$3,000,000. In addition, pursuant to INV's existing agreement with Teck Cominco, Teck Cominco exercised its right to purchase 130,274 flow-through shares to maintain its pro rata interest in INV prior to the offering (approximately 5.1%) resulting in the issue of a total of 2,530,274 flow-through shares for aggregate gross proceeds of \$3,162,843 (share issue costs of \$327,500).

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9) Share capital and loss per share (continued)

b) Issued and outstanding (continued)

In connection with the flow-through offering, certain directors and insiders of the Corporation purchased an aggregate 399,000 flow-through common shares.

c) Warrants

Warrants shown on the consolidated balance sheets are comprised as follows:

	Number of		Amount
	Warrants		
Balance, January 1, 2006	3,615,086	\$	1,228,327
Compensation warrants exercised	(588,500)		(248,724)
Public warrants	6,593,717		2,901,236
Balance, December 31, 2007	9,620,303		3,880,839
Compensation warrants issued	144,000		53,067
Compensation warrants expired	(521,500)		(220,407)
Balance, March 31, 2008	9,242,803		3,713,499
Compensation warrants expired	(157,200)		(67,258)
Balance, June 30, 2008	9,085,603	\$	3,646,241

As consideration for its services from the sale of flow-through shares, the Corporation issued 144,000 compensation warrants, exercisable for 144,000 common shares of INV at an exercise price of \$1.00 per share. The warrants are exercisable at any time on or before August 21, 2009. The value ascribed to the warrants is \$53,067 determined using the Black-Scholes option pricing model. The assumptions used for compensation warrants issued during the quarter were as follows: dividend yield of 0.0%; expected volatility of 83%; risk-free interest rate of 3.2% and an expected life of 18 months.

A total of 521,500 and 157,200 compensation warrants, respectively, issued upon the Corporation's initial public offering, which entitled the holder to purchase one common share at a price of \$1.20 per share for a period of two years from the date of issuance, expired on March 17, 2008 and April 6, 2008, respectively. The compensation warrants were ascribed a fair value of \$220,407 and \$67,258, respectively, using the Black-Scholes model. These amounts were transferred to contributed surplus on expiry.

d) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding for the three month period of 53,911,008 (2007 – 41,237,772) and the six month period of 53,198,058 (2007 – 37,974,830). The conversion of stock options and warrants was not included in the calculation of fully diluted loss per share in any period as the conversion would be anti-dilutive.

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10) Contributed surplus

The following table summarizes information regarding the Corporation's contributed surplus as at and for the period ended June 30, 2008 and year ended December 31, 2007 as follows:

	Amount
Balance, January 1, 2006	\$ 542,465
Stock-based compensation	765,825
Transfer of exercised options to share capital	(53,496)
Balance, December 31, 2007	1,254,794
Stock-based compensation	369,665
Expiration of compensation warrants (note 9(c))	220,407
Balance, March 31, 2008	1,844,866
Stock-based compensation	229,922
Issuance of restricted share units	231,713
Expiration of compensation warrants (note 9(c))	67,258
Balance, June 30, 2008	\$ 2,373,759

The following table summarizes information regarding INV's outstanding and exercisable stock options as at and for the period ended June 30, 2008:

Exercise Price Range	Number of Stock Options Outstanding	Weighted-Average Remaining Years of Contractual Life	Weighted Average Exercise Price	Number of Stock Options Exercisable	Weighted Average Exercise Strike Price
\$0.81-\$0.89	175,000	5.5	\$ 0.82	56,250	\$ 0.84
\$0.90-\$1.29	3,597,000	3.9	1.10	1,813,500	1.16
*\$1.30-\$1.69	825,000	4.0	1.50	300,000	1.55
\$1.70-\$2.10	670,000	4.5	1.80	457,500	1.80
	5,267,000	4.4	\$ 1.24	2,627,250	\$ 1.31

*Includes 250,000 stock options granted to an officer of the Corporation, exercisable when the Corporation's market capitalization reaches \$225 million.

The weighted average grant date fair value of \$0.54 (2007 – \$0.62) was determined using the Black-Scholes option pricing model (except as described further below) with the assumptions used as follows: dividend yield of 0.0%; expected volatility of 81% to 84% (2007 – 69% to 83%); risk-free interest rate of 3.1% - 3.8% (2007 – 4.0%); and a weighted average expected life of 24 months (2007 – 12 to 30 months)

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10) Contributed surplus (continued)

The following table summarizes the stock option transactions for the periods ended June 30, 2008 and year ended December 31, 2007 as follows:

	Number of stock options	Weighted- average exercise price
Outstanding January 1, 2006	1,910,000	\$ 1.21
Granted	1,827,000	1.53
Exercised	(212,500)	0.87
Cancelled/Expired	(112,500)	1.52
Outstanding, December 31, 2007	3,412,000	\$ 1.39
Granted	2,030,000	1.02
Cancelled/Expired	(210,000)	1.38
Outstanding, March 31, 2008	5,232,000	\$ 1.25
Granted	125,000	0.81
Cancelled/Expired	(90,000)	1.30
Outstanding, June 30, 2008	5,267,000	\$ 1.24

The following table summarizes the restricted share unit transactions for the period ended June 30, 2008 as follows:

	Number of restricted shares	Fair value of restricted shares
Granted	600,000	0.91
Outstanding, June 30, 2008	600,000	\$ 0.91

On June 4, 2008, the shareholders of the Corporation approved the adoption of a restricted share unit plan. Under the plan, the Corporation may grant up to 1,000,000 shares to employees, officers, directors and consultants through the issuance of restricted share units. Each restricted share unit gives the holder the right to receive, once vested and settled, one common share of the Corporation. The fair market value of each restricted share unit granted is calculated on the date of grant using the closing stock price on the date prior to the grant.

The fair value of the restricted share units granted in Q2/2008 was \$546,000. Compensation expense related to the restricted share units for Q2/2008 was \$231,713.

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11) Related party transactions

The following are related party transactions for the three and six month periods ended June 30, 2008:

a) *The FNX agreement and sublease arrangement*

On December 27, 2007, in connection with the purchase of the three Ontario properties, the Corporation entered into a Technical Assistance Agreement with FNX, under which FNX will provide technical assistance at market rates to INV, if requested, with respect to mineral exploration programs on the acquired properties. No amounts were paid to FNX under this agreement during the period.

Effective April 19, 2008, INV entered into a sublease arrangement to lease office space as a subtenant of FNX in relation to office premises previously occupied by FNX. The sublease will remain in effect to December 30, 2009, and INV assumed the rent otherwise payable by FNX in the proportion of the office space occupied by INV. A total of \$16,588 was paid by INV to FNX as of June 30, 2008. The total amount of rent remaining under the sublease is \$93,785.

b) *Consulting services*

A total of \$1,169 (2007 - \$264) was included in general exploration in the interim consolidated statements of operations and comprehensive loss for the quarter ending June 30, 2008 for consulting services provided by a director of the Corporation. For the six month period ended June 30, 2008, a total of \$8,124 (2007 - \$9,929) was included in general exploration pertaining to consulting services provided to the Corporation from a director.